

Docket No.: 00-0486
Bench Date: 08-09-00
Deadline: 08-29-00

SUPPLEMENTAL M E M O R A N D U M

TO: The Commission

FROM: Larry Jones, Hearing Examiner

DATE: August 8, 2000

SUBJECT: Ameren Energy Marketing Company

Application for Certificate of Service Authority (as an ARES) under Section 16-115 of the Public Utilities Act.

COMMENT: This matter was discussed at this morning's pre-bench, and is on the bench agenda for tomorrow, August 9. Based on that discussion, some possible language changes are set forth below for the Commission's consideration.

RECOMMENDATION: Entry of the previously distributed draft order granting an ARES certificate to the Applicant, subject to any language modifications deemed appropriate by the Commission as discussed below.

Background

On July 7, 2000, Ameren Energy Marketing Company ("Applicant"), which is an affiliate of Central Illinois Public Service Company ("AmerenCIPS") and Union Electric Company ("AmerenUE"), filed an application with the Commission requesting a certificate of service authority in order to become an alternative retail electric supplier ("ARES") in Illinois pursuant to Section 16-115 of the Public Utilities Act ("PUA" or "Act") and 83 Ill. Adm. Code 451 ("Part 451").

The deadline for action is August 29, 2000, which is 45 days after the date of publication. Action within 45 days is required under Section 16-115(b).

In its application, the Applicant seeks statewide authority for the sale of retail electricity and power to eligible nonresidential retail customers with total maximum electric demand of one megawatt ("MW") or more.

For the reasons stated on pages 8 to 10, the previously attached draft order found that under the facts presented, the reciprocity provisions of Section 16-115(d)(5) of the Act do not preclude issuance of an ARES certificate to the Applicant. The previously attached draft order recommended that an ARES certificate be granted to Applicant for the services and areas identified on page 11.

Discussion Items and Possible Language Changes

Page 4

Based on this morning's discussion, the following language changes in the first full paragraph on page 4 of the draft order are offered for the Commission's consideration:

Applicant states that this agreement sets forth the cost allocation guidelines and accounting conventions to be applied to any transactions between Ameren Services Co. Applicant, Ameren Corp., CIPS, UE and CIPSCO Investment Company. The Commission observes that if ~~and to the extent~~ the General Services Agreement does not address all issues identified in 83 Il. Adm. Code 450.120(b), the action taken herein does not waive any requirements relating thereto. Accordingly, absent further Commission authorization, the Applicant is not permitted to engage in those affiliated interest transactions described in 83 Ill. Adm. Code 450.120(b), except where such transactions are exempt from Commission regulation.

Page 1

For purposes of clarification, the following modification to the first paragraph on page 1 is offered for the Commission's consideration:

On July 7, 2000, Ameren Energy Marketing Company ("Ameren Marketing" or "Applicant"), which is an affiliate of Central Illinois Public Service Company ("Ameren CIPS" or "CIPS") and Union Electric Company ("Ameren UE" or "UE") in that all three companies are subsidiaries of Ameren Corp., filed a verified application with the Commission requesting a certificate of service authority in order to become an alternative retail electric supplier ("ARES") in Illinois pursuant to Section 16-115 of the Public Utilities Act ("PUA" or "Act") and 83 Ill. Adm. Code 451 ("Part 451").

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There was also some discussion about the second full paragraph on page 10 of the draft order. I believe this paragraph could be deleted without compromising the

ultimate determinations in the draft order. I would note, however, that one purpose of including this paragraph was to interpret and apply Section 16-115(d)(5) in a manner that recognized, and then carried out, the legislative intent. An alternative to deleting this paragraph would be to make the following modification in the second sentence of that paragraph:

It is the Commission's belief that the ~~se~~ provisions of Section 16-115(d)(5) are were -intended by the General Assembly to protect Illinois electric utilities from unfair competition by electric utilities outside of Illinois and by affiliates of those out-of-state utilities, and that the Commission should apply these provisions in a manner that carries out the legislative intent.

LMJ/lw